

# **EXHIBIT 78**



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## Oracle Will Face New Competitor For Siebel Users

By **DAVID BANK** | Staff Reporter of **THE WALL STREET JOURNAL**

[Oracle](#) Corp. faces a new competitor for the lucrative annual software-support fees paid by customers of [Siebel Systems](#) Inc., which Oracle last week agreed to acquire for \$5.85 billion in stock and cash.

Seth Ravin, a former executive at PeopleSoft Inc., announced today that his new company will offer technical support and software-bug fixes to Siebel customers at about half of the cost Oracle is expected to charge. Such software "maintenance fees" accounted for \$469 million in revenues last year, or more than one-third of Siebel's total sales.

Mr. Ravin already has a track record of building and delivering such services, a new category of third-party support that is putting pricing pressure on one of the software industry's most profitable lines of business. Until March, he was president and a large shareholder of TomorrowNow Inc., which offers product support for PeopleSoft products. Oracle, of Redwood City, Calif., acquired PeopleSoft in January, and TomorrowNow was acquired by Oracle rival [SAP](#) AG of Germany several weeks later as part of an effort to woo PeopleSoft customers from Oracle.

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Mr. Ravin's new company, Rimini Street Inc., based in Las Vegas, will be wooing Siebel customers in a hotel suite down the street from Oracle's annual OpenWorld trade show, which opens today in San Francisco. Mr. Ravin plans to offer services early next year from offices near Siebel's headquarters in San Mateo, Calif., and is looking to hire former or current Siebel engineers to

develop the products. **Mr. Ravin said Siebel's licenses give customers the right to modify their own software and to hire outside consultants to do so.**

"It's a cost-savings move," Mr. Ravin says he tells Siebel's customers. Across the software industry, customers have resisted increases in annual maintenance fees, which have risen to 20% or more of the original price of the software. Such fees entitle customers to upgrades, product support and fixes for software defects. For software vendors, maintenance contracts carry operating profit margins of 70% or more, funding development of new versions of the software.

Bob Wynne, a spokesman for Oracle, said the company "welcomes a wide range of choices" for customers. He said customers and potential customers had "a very positive reaction" to Oracle's agreement to acquire Siebel. Oracle has said it will include Siebel's "customer relationship management" software in a new integrated software suite, dubbed Project Fusion, the first features of which are scheduled for 2007.

Mr. Ravin said Rimini Street will "extend the life" of Siebel's products, while Siebel customers wait to see Oracle's plans. WSJ.com Law Page | Lexis Advance™ | lexis.com® | Lexis® for Microsoft® Office | Meal

Bill Swanton, vice president of AMR Research Inc., a technology-consulting firm in Boston, said he doesn't expect a wholesale defection of Siebel customers to third-party service providers, but said the entrance of Rimini Street "is something that's going to annoy Oracle." He said Mr. Ravin's biggest opportunity is among customers who have heavily customized their own systems and are thus reluctant to upgrade.

In announcing the acquisition agreement last week, Larry Ellison, Oracle's chief executive, challenged a Wall Street analyst who suggested that dissatisfaction among Siebel's customers could undermine the deal. Siebel has sought for years to rebut the widespread perception that its software systems are costly and complicated to install and upgrade.

"We will be making the technology easier to use and easier to install as we do every year," Mr. Ellison said. "But I just don't agree with your assessment that Siebel has a lot of unhappy customers out there."

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